

FHA EXTENDS FORECLOSURE AND EVICTION MORATORIUM FOR HOMEOWNERS THROUGH YEAR END

Third extension will allow FHA-insured homeowners economically impacted by COVID-19 to focus on financial recovery

WASHINGTON - Today, the Federal Housing Administration (FHA) announced the third extension of its foreclosure and eviction moratorium through December 31, 2020, for homeowners with FHA-insured single family mortgages covered under the Coronavirus Relief and Economic Security (CARES) Act. This extension provides an additional four months of housing security to homeowners, as they will not fear losing their homes as they work to recover financially from the adverse impacts of the pandemic. With this third extension, FHA has now provided more than nine months of foreclosure and eviction relief to FHA-insured homeowners

“President Trump is taking unprecedented measures to ensure American homeowners have the resources and support they need to get back to financial stability during the economic recovery,” said HUD Secretary Ben Carson. “Because homeownership is the largest wealth builder for the majority of the nation’s families, providing relief from foreclosure and eviction to those who are in jeopardy of losing their hard-earned wealth, through no fault of their own, is a priority.”

FHA’s Single Family foreclosure and eviction moratorium has been in place since March 18, 2020, and continues to apply to homeowners with FHA-insured Title II Single Family forward and Home Equity Conversion (reverse) mortgages.

“For so many first-time homebuyers and others who relied on FHA insurance to achieve homeownership, this extension provides an additional measure of peace-of-mind and security, along with the fact that we do not require a lump sum payment at the end of any forbearance period,” said Assistant Secretary for Housing and Federal Housing Commissioner Dana Wade. “Right now, it’s important that those affected by COVID-19 focus on the immediate priorities of regaining their financial footing, without the additional stress of dealing with a foreclosure action.”

The moratorium continues to direct mortgage servicers to:

Halt all new foreclosure actions and suspend all foreclosure actions currently in process for FHA-insured single family properties, excluding legally vacant or abandoned properties; and

Cease all evictions of persons from FHA-insured single family properties, excluding actions to evict occupants of legally vacant or abandoned properties.

Homeowners with FHA-insured mortgages should continue to make their mortgage payments during the foreclosure and eviction moratorium if they are able to do so, or seek mortgage payment forbearance pursuant to the CARES Act from their mortgage servicer, if needed.

Pursuant to the CARES Act, FHA requires mortgage servicers to:

Offer borrowers with FHA-insured mortgages delayed mortgage payment forbearance when the borrower requests it, with the option to extend the forbearance for up to a year. FHA does not require a lump sum payment at the end of the forbearance period.

Assess borrowers who receive COVID-19 forbearance for its special COVID-19 National Emergency Standalone Partial Claim before the end of the forbearance period. The COVID-19 National Emergency Standalone Partial Claim puts all deferred mortgage payment amounts owed into a junior lien which is only repaid when the borrower sells the home, refinances the mortgage, or the mortgage is otherwise extinguished.

Assess borrowers who are not eligible for the COVID-19 National Emergency Standalone Partial Claim for one of FHA's COVID-19 expanded home retention solutions announced on July 8, 2020.

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